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TRADE AND DEVELOPMENT BOARD
Ad Hoc Working Group on Comparative
Experiences with Privatization
First session
Geneva, 30 November 1992
Agenda item 6

DRAFT REPORT OF THE AD HOC WORKING GROUP ON COMPARATIVE EXPERIENCES WITH PRIVATIZATION ON ITS FIRST SESSION

Held at the Palais des Nations, Geneva,
from 30 November to 4 December 1992

Rapporteur: Mr. Herbert Dzvimbo (Zimbabwe)

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(to be completed in the final report)

GE.92-53088

INTRODUCTION

1. The Ad Hoc Working Group on Comparative Experiences with Privatization, established in accordance with paragraph 79 of the Cartagena Commitment, held its first session at the Palais des Nations, Geneva, from 30 November to 4 December 1992 */. In the course of the session, the Working Group held ..... plenary meetings.

Opening statements

2. The Deputy Secretary-General of UNCTAD, setting the Working Group in the context of the new orientations of UNCTAD, recalled that UNCTAD VIII had resulted in fundamental changes in methods of work while continuing to address the essential development themes. The in-depth analysis and exchange of experience of different countries should lead to the identification of problems and the appropriate solutions. Such analysis, experience and identification must of course lead to recommendations or guidelines addressed to Governments or other international organizations. The Cartagena Commitment had, as a fundamental tenet, the interdependence of national policies and the international development environment, and the key word in the Commitment was "partnership".

3. He recalled that the Ad Hoc Working Groups had been established by the Conference for a period of two years so that they could deal with issues of current importance. In the matter of privatization, the experiences of

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*/ For the terms of reference of the Ad Hoc Working Group, see Trade and Development Board decision 398 (XXXVIII), annex C.

countries varied greatly. The note by the secretariat on this subject (TD/B/WG.3/2) raised a number of basic questions in a desire to stimulate discussion in the Working Group. However, it was for the delegations themselves to identify those issues on which they wished to concentrate their attention, particularly in the short time available. Among the questions and aspects which came to mind were the following: why privatize? What role does the State play in promoting a favourable environment for privatization? What experience had countries had with the techniques and financing of privatization? What were the legal aspects? And finally, what was the impact of privatization initiatives: did they attain their economic objectives and what were the social effects?

4. He hoped that the exchange of views could lead the Working Group to consider a plan or reference framework for privatization. He was well aware that national experiences were very diverse, as were the approaches adopted, but it could be useful to identify and study the basic stages in the process of privatization, whatever the individual circumstances might be. It would be interesting to consider the choice of enterprises for privatization, the support measures involved and the provisions made for the people affected. It might be possible for such work to lead to the elaboration of a strategy that would make it possible to deal with privatization in a less ad hoc manner. Moreover, such a framework would make it easier to evaluate the success of privatization initiatives. The secretariat could assist in the analytical process but it would be for government representatives to draw the appropriate conclusions. In so doing, they would also need to consider what technical assistance might be provided by the secretariat.

5. The Chief of the Privatization and Enterprise Development Unit, Development Strategies Division, said that the issues paper (TD/B/WG.3/2) reflected the wide scope of the terms of reference of the Working Group. This Working Group was particularly suited to undertake a review and comparison of country experiences, in order to draw lessons and insights from the objectives pursued, the techniques used, the results achieved and particular problems encountered in the area of privatization in different parts of the world. In so doing, it could help to contribute to country efforts to achieve a more effective design and implementation of privatization programmes. Such comparisons could take the form of the preparation and presentation of country studies by national experts, as well as the presentation of privatization plans. They could be complemented by the consideration of particular practical topics or issues, with the aid of inputs provided by national and international experts, governmental and non-governmental actors.

6. The secretariat could prepare cross-country analyses and syntheses, drawing on the country studies and other sources. Thus the Working Group would serve as a forum for a mutually beneficial exchange of privatization experiences and results, while also addressing a number of practical problems and policy issues arising from country experiences with privatization, and discussing possible approaches or solutions to them, taking into account the diversity of country situations.

7. The representative of the United Nations Development Programme (UNDP) said that, if tangible results were to emerge from the brief two-year life-span of the Working Group, it would be necessary to be selective in approaching the wide range of topics outlined in the secretariat note. He

therefore urged the Working Group to select those topics that were most relevant to the remit of UNCTAD in the area of trade and development. Finally, he commended the efforts that UNCTAD was making on the subject of privatization, which might well lead to useful results, especially if there were adequate cooperation with other organizations.

8. The representative of Tunisia said that many countries had experienced various problems in the implementation of privatization programmes. He suggested that the Working Group should give due attention to these difficulties in its work programme. Furthermore, he enquired about the format in which national experiences of individual countries would be presented to the Working Group.

9. The representative of Colombia said that the future work of the Working Group should be based on the experiences which countries had had with privatization. The issues note by the secretariat raised a number of substantive questions and provided a conceptual framework for the debate which should lead to a preliminary overview of the subject to be dealt with by the Working Group over the next two years. It was very important for the Working Group to begin to tackle these questions at the current session, and he hoped that the Group would as of now focus its efforts on the substantive rather than the organizational aspects of its work.

Chapter I

ESTABLISHMENT OF THE WORK PROGRAMME OF THE WORKING GROUP

(Agenda item 3)

10. For its consideration of this item, the Ad Hoc Working Group had before it the following document:

"Issues for consideration in the establishment of the work programme" - note by the UNCTAD secretariat (TD/B/WG.3/2).

11. At its 1st plenary meeting, on 30 November 1992, the Working Group decided to discuss agenda item 3 in informal meetings.

[To be completed as appropriate]

Chapter II

ORGANIZATIONAL MATTERS

A. Opening of the session

12. The first session of the Ad Hoc Working Group was opened on 30 November 1992 by the Deputy Secretary-General of UNCTAD, who made an introductory statement (see paras. 2 et seq.).

B. Election of officers

(Agenda item 1)

13. At its 1st meeting, on 30 November 1992, the Ad hoc Working Group elected its officers as follows: */

Chairman:	Mr. Bror Wahlroos	(Finland)
Vice-Chairmen:	Ms. Taous Feroukhi	(Algeria)
	Mr. Ricardo Avila	(Colombia)
	Mr. Thomas Janicki	(Germany)
	Ms. Urszula Calka-Jendroszczyk	(Poland)
	Ms. Panada Thurkhao	(Thailand)
Rapporteur:	Mr. Herbert Dzvimbo	(Zimbabwe)

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*/ In accordance with the decision taken by the Trade and Development Board at the first part of its thirty-ninth session, the officers elected at the first session of the Ad Hoc Working Group are to remain in office for the duration of the life of the Working Group.

C. Adoption of the agenda and organization of work

(Agenda item 2)

14. At the same meeting, the Working Group adopted the provisional agenda circulated by the UNCTAD secretariat (TD/B/WG.3/1). The agenda for the first session therefore read as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Establishment of the work programme of the Working Group
4. Provisional agenda for the second session of the Working Group
5. Other business
6. Adoption of the report of the Working Group to the Board.

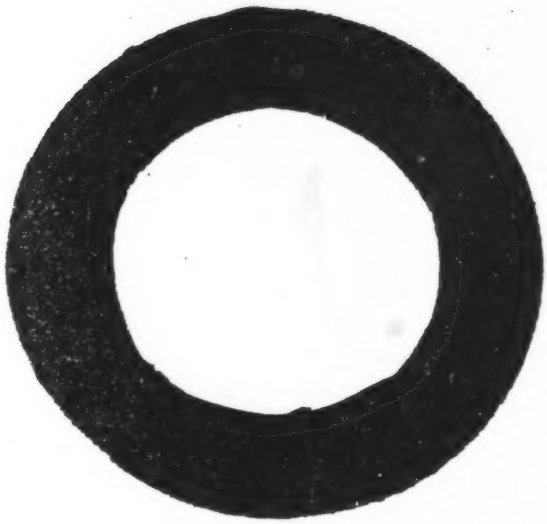
D. Provisional agenda for the second session of the Working Group

(Agenda item 4)

[To be completed]

E. Adoption of the report of the Working Group to the Board

[To be completed]



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Agenda item 3

ESTABLISHMENT OF THE WORK PROGRAMME OF THE AD HOC WORKING GROUP

Draft work programme submitted by the Chairman

1. Pursuant to a New Partnership for Development: the Cartagena Commitment, adopted at the eighth session of the Conference, the Ad Hoc Working Group agreed, on the basis of Board decision 398 (XXXVIII) which sets out in Annex B the terms of reference of the Ad Hoc Working Group on Comparative Experiences with Privatization, the following work programme.

A. Design, implementation and outcome of privatization programmes

1. On the basis of country presentations and cross-country analyses by the secretariat, the Ad Hoc Working Group will undertake an analysis of comparative experiences with respect to the design, implementation and results of privatization programmes, taking into account the diversity of country situations.

2. In particular, the Ad Hoc Working Group will consider:

I. Objectives

(a) Factors and reasons influencing decisions to privatize;
(b) Objectives of privatization;

II. Macroeconomic considerations

(c) The macroeconomic framework for privatization;

III. The role of the State

(d) Share of the public sector in the economy;
(e) Institutional arrangements; human resource development;
(f) Competition and regulation of privatized monopolies;

IV. Technical, legal, financial and other aspects

(g) Legal aspects;
(h) Selection of enterprises for privatization; pace and sequencing of their privatization;
(i) Techniques for privatization;
(j) Financing of privatization, including the role of foreign investment, international agencies and bilateral donors;
(k) Environmental aspects;

V. Social impact

(l) Social impact and socially related support measures;

VI. Results of privatization

(m) Results of privatization and their assessment, including the main problems faced by the countries concerned.

3. In the light of its work, the Ad Hoc Working Group will elaborate basic elements for consideration in formulating privatization programmes and plans.

B. Organization of work

B.1 Country presentations

4. Voluntary country presentations will be invited from a representative sample of countries in terms of their country situations and levels of development and the extent of their experience with privatization, on the basis of an outline to be provided by the secretariat.

B.2 Contributions by the secretariat and other international bodies

5. The secretariat will compile a list of the main publications and national legal materials relevant to the work of the Ad Hoc Working Group. The secretariat will prepare and circulate a list of national focal points dealing with privatization in order to facilitate exchanges among them, including the exchange of legal materials and other guidelines.

6. The secretariat will provide to countries, at their request, technical assistance, advice and information in this area within the available resources. In this connection, the special situation of the least developed countries will be taken into account.

7. Drawing on the country presentations and other studies, the secretariat will prepare cross-country analyses and summarize the main findings in relation to the issues mentioned in paragraph A 2.

8. Presentations will be sought from other international organizations in areas where they have a particular expertise.

B.3 Topics for future sessions

9. The Ad Hoc Working Group agrees on the following topics to be discussed at the forthcoming sessions:

Second session
- Review of country presentations in the light of a cross-country analysis by the secretariat on the design, implementation and results of privatization programmes;
- In-depth consideration of:
  (i) Techniques for privatization;
  (ii) Financing of privatization.

Third session - Review of country presentation in the light of a cross-country analysis by the secretariat on the design, implementation and results of privatization programmes;

- In-depth consideration of:
  (i) Role of foreign investment, international agencies and bilateral donors;
- (ii) Competition and the regulation of privatized monopolies.

Fourth session - Elaboration of basic elements for consideration in formulating privatization programmes and plans;

- Other issues (to be determined).

C. Dissemination of the reports of the Ad Hoc Working Group

10. The reports of each session of the Ad Hoc Working Group will be given the widest possible dissemination.

D. Strengthening technical cooperation

11. In carrying out the above activities, the Working Group will identify areas where technical cooperation should be strengthened.

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PROVISIONAL AGENDA FOR THE SECOND SESSION OF THE AD HOC WORKING GROUP

Draft provisional agenda

1. Election of officers

2. Adoption of the agenda and organization of work

3. Review of country presentations in the light of a cross-country analysis by the secretariat on the design, implementation and results of privatization programmes

4. In-depth consideration of:
   (i) Techniques for privatization;
   (ii) Financing of privatization.

5. Provisional agenda for the third session of the Ad Hoc Working Group

6. Other business

7. Adoption of the report of the Ad Hoc Working Group to the Board.

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